

# Exhibit 38

On Air

Partner to the Media & Entertainment Industries



**THOMSON**

As filed with the Securities and Exchange Commission on June 3, 2005

UNITED STATES  
**SECURITIES AND EXCHANGE COMMISSION**  
 Washington, D.C. 20549

# FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g)  
 OF THE SECURITIES EXCHANGE ACT OF 1934**

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
 OF THE SECURITIES EXCHANGE ACT OF 1934**  
 for the fiscal year ended December 31, 2004

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
 OF THE SECURITIES EXCHANGE ACT OF 1934**  
 for the transition period from to

Commission File Number: 001-14974

## THOMSON

(Exact name of Registrant as specified in its charter)

**Not Applicable**(Translation of Registrant's  
name into English)**Republic of France**(Jurisdiction of incorporation  
or organization)

**46, quai Alphonse Le Gallo  
 92100 Boulogne-Billancourt  
 FRANCE**

(Address of principal executive offices)

**Securities registered or to be registered pursuant to Section 12 (b) of the Act:****Title of each class:****Name of each exchange  
on which registered:**

Common Stock, nominal value €3.75 per share, and American  
 Depositary Shares, each representing one share of Common Stock

New York Stock Exchange

**Securities registered or to be registered pursuant to Section 12 (g) of the Act:**

None

**Securities for which there is a reporting obligation pursuant to Section 15 (d) of the Act:**

None

Indicate the number of outstanding shares of each of the issuer's classes of capital  
 or common stock as of the close of the period covered by the annual report:

Common Stock, nominal value €3.75 per share: 273,308,032

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by  
 Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months  
 (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject  
 to such filing requirements for the past 90 days: Yes ☒ No ☐

Indicate by check mark which financial statement item the Registrant has elected to follow:

Item 17 ☐ Item 18 ☒

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ATLINKS is also investing in the development of new products with a focus on integration with mobile telephones. At the Consumer Electronics Show in Las Vegas in January 2005, we introduced a new range of “cell dock phones”, which will allow consumers to use a home telephone to both make and receive cellular phone calls.

In Europe, we sell telephones under the Alcatel™ brand name in France and the THOMSON® brand name in the rest of Europe. Slightly over 80% of the products sold in our four main European markets were DECT (Digital Enhanced Cordless Telecommunications) products. As countries in the ROW markets such as China shift to this technology, we expect to be able leverage on our existing vendor base.

Supporting our ROW business in 2004, we continued our expansion strategy by entering new markets like Argentina and grew sales in existing markets such as India and the Middle East.

### ***Mainstream Consumer Products***

#### *Launch of TTE*

On January 28, 2004, Thomson, TCL International and TCL entered into a Combination Agreement to combine their respective television manufacturing businesses and assets into TTE, a company formed for the development, manufacturing and distribution of television sets. TTE became fully operational on August 1, 2004. In consideration for a 33% shareholding interest in TTE, Thomson contributed into TTE certain television production plants, including its television manufacturing plants and businesses in Mexico, Poland and Thailand. Thomson also contributed its television R&D centers worldwide and certain other assets constituting substantially all of the television manufacturing business of Thomson's Consumer Products division.

This business employed approximately 6,600 Thomson employees who were transferred to the new entity. Thomson retained the cash and cash equivalents, accounts receivable, finished goods and certain raw materials of its own business and will retain ownership of its brands, intellectual property, marketing and sales organization and certain value-added manufacturing assets. Thomson granted to TTE a license on certain of its brands and its intellectual property related to the television manufacturing business. In consideration for a 67% shareholding interest in TTE, TCL International contributed into TTE certain television production plants and other television business assets.

Under certain operational agreements entered into in connection with the Combination Agreement, Thomson's Components division became a preferred supplier to TTE of tubes and other selected components in China and worldwide. In addition, Thomson's sales and marketing network of the Consumer Products division began to act as the exclusive sales and marketing agent to TTE for distribution into North America and the European Union countries and to provide value-added services such as product design, client coverage, logistics, quality certification and after-sales services and some value-added build-to-order manufacturing services. In addition, Thomson is responsible for the licensing of TTE's intellectual property related to the TV business.

As part of the agreement with TCL International, the component sales, service contracts and parts distribution business as well as the distribution of Telefunken, Brandt and GE branded televisions in Latin America and Europe remained with Thomson. Following the creation of TTE, our Angers operation manufactured goods for TTE as a sub-contract manufacturer, and, effective January 1, 2005, forms part of our new Displays & Consumer Electronics Partnerships division.

Prior to TTE becoming fully operational, Thomson continued to develop and market television sets from the period between January through July 2004 under the RCA®, THOMSON® and GE™ brand

names. The RCA and THOMSON Scenium™ range was used in both Americas and Europe to market high-end products such as the Digital Light Processing high-definition televisions.

The parties to the Combination Agreement and TTE also entered into a shareholders agreement and other arrangements, including undertakings not to compete with TTE's television business and restrictions on Thomson's ability to transfer its interest in TTE for up to a period of five years. Thomson also entered into a receivables purchase and sale agreement with TTE, effective for up to two years, and assumed certain of TTE's restructuring costs up to a maximum of €33 million. Thomson has no other obligation to provide any financing support to TTE or for its benefit to any person. Further, Thomson granted TCL International the option to acquire up to 2.5 million Thomson shares at a price of €18.12 per share, and Thomson was granted an option to exchange all of its TTE shares, under certain circumstances, for shares in TCL International representing up to 30% of the share capital of TCL International.

#### *Televisions*

Television sales from the period of January to July 2004 inclusive amounted to €845 million. From August 1, 2004 onwards, television sales were accounted for in TTE and accordingly not consolidated in Thomson's financial statements. During that period, the Group focused its efforts in North America on its close relationships with key retailers and its distribution infrastructure, while developing its high-end products under the RCA Scenium™ brand name.

The THOMSON® brand in Europe capitalizes on our Scenium™ products line, in particular in high-end products such as retro-projection television and Plasma Flat Screen. We also held significant and growing market positions in Eastern European television markets, particularly in Russia, Poland, the Czech Republic and Ukraine. In addition, Thomson further strengthened its links with its main distributors.

#### *Home Audio/Video*

The smaller business of Home Audio/Video includes home cinema products and DVD devices, including DVD recorders and hard drive products. They are marketed under GE™ and RCA® brand names in the Americas and THOMSON® in Europe.

The market for these products in the Americas was down almost 17% in U.S. dollars in 2004, but Thomson estimates that its market share grew slightly as we introduced higher priced DVD products to mass merchandisers. In Europe, competition intensified as Chinese manufacturers made significant inroads supplying less established brands and "private label" customers. Despite our growth in higher value-added products, particularly DVD and Hard-Disc Drive combination products as well as DVD recorders, revenues for DVD devices decreased significantly.

### **Licensing**

In 2004, Thomson's licensing division generated €404 million in consolidated net sales (5.1% of the Group's consolidated net sales) and €325 million in operating income, with operating margin of 80.2%. At December 31, 2004, this division employed 192 people based in France, Germany, Switzerland, Japan, South Korea, China and the United States.

We have made it a strategic priority to protect and monetize our intellectual property. Our strong patents portfolio in video technologies combined with our licensing expertise constitute significant competitive advantages. The Licensing division was created in early 1999, integrating the RCA.TL patent and license management business transferred from General Electric Co. to the Group on January 1, 1999. From January 1, 2005, the Licensing division forms part of the new Technology division.